DOCUMENT RESUME

ED 117 232 UD 015 625

AUTHOR Tolles, Robert E.
TITLE A Decent Place to Live.
INSTITUTION Ford Foundation, New York, N.Y.
PUB DATE Sep 71
NOTE 28p.

EDRS PRICE MF-$0.76 HC-$1.95 Plus Postage
DESCRIPTORS *Facility Improvement; Financial Support; Foundation Programs; Housing Deficiencies; Housing Discrimination; *Housing Industry; *Housing Needs; *Housing Opportunities; Housing Patterns; Low Rent Housing; Middle Income Housing; *Private Financial Support; Public Policy; Racial Integration; Slum Environment; Social Integration; Urban Renewal Agencies; Urban Slums

ABSTRACT

This report describes some of the major efforts undertaken by the Ford Foundation to provide decent housing. Their approach to the problem is said to have evolved through three interlocking stages: increasing the supply of housing through support for technical advisory services to non-profit groups engaged in building low and moderate-rental housing for the poor, minorities, and the elderly in both urban and rural areas; the support of open housing through assistance to groups that spearhead the fight against residential segregation; and inner-city renewal. Topics addressed are: housing development, the role of nonprofit organizations, the housing packagers, rural housing, state housing corporations, new options in public housing, open housing, the public policy arena, equal housing, integrating apartments, open housing in Connecticut, the Denver experience, rebuilding the slums, the New Detroit Committee, and new directions in housing. An appendix includes grants in housing from 1956-1970. Among new programs in the housing field are those considered to be designed to improve the existing inventory of housing through better management and maintenance and by extending individual and cooperative home ownership. The Foundation is also reported to be working on housing within the framework of community development. (Author/AM)

****
* Documents acquired by ERIC include many informal unpublished *
* materials not available from other sources. ERIC makes every effort *
* to obtain the best copy available. Nevertheless, items of marginal *
* reproducibility are often encountered and this affects the quality *
* of the microfiche and hardcopy reproductions ERIC makes available *
* via the ERIC Document Reproduction Service (EDRS). EDRS is not *
* responsible for the quality of the original document. Reproductions *
* supplied by EDRS are the best that can be made from the original. *
****

ED117232

UD 015625

A Decent Place to Live

One of a series of reports on activities supported by the Ford Foundation. The purpose is to present informally some phase of the Foundation's work. A complete list of Foundation publications may be obtained from the Ford Foundation, Office of Reports, 320 East 43 Street, New York, New York 10017.

Library of Congress Catalog Card Number 70-178034
September 1971

3 **Introduction**
4 **Housing Development**
4 The "Nonprofits"
7 The Housing "Packagers"
8 The People Left Behind
11 Enter the States
12 New Options in Public Housing
14 **Open Housing**
14 The Public Policy Arena
16 Operation Equality
20 Integrating Apartments
20 Open Housing In Connecticut
22 The Denver Experience
25 **Rebuilding the Slums**
26 The New Detroit
29 **New Directions**
30 **Appendix:**
Grants in Housing, 1958-70

U.S. DEPARTMENT OF HEALTH, EDUCATION & WELFARE
NATIONAL INSTITUTE OF EDUCATION
THIS DOCUMENT HAS BEEN REPRODUCED EXACTLY AS RECEIVED FROM THE PERSON OR ORGANIZATION ORIGINATING IT. POINTS OF VIEW OR OPINIONS STATED DO NOT NECESSARILY REPRESENT OFFICIAL NATIONAL INSTITUTE OF EDUCATION POSITION OR POLICY

". . . the assignment, in short, is to find the way to harness the productive power of America—which has proved it can master space and create unmatched abundance in the market place—to the most pressing unfilled need of our society. That need is to provide the basic necessities of a decent home and healthy surroundings for every poor American family now imprisoned in the squalor of the slum." *From* A Decent Home *Report of the President's Committee on Urban Housing*

"Like the waters that feed a big river, the rural poor trickle in from the fields and the hills. Time was when they paused in the slack water (the slums) before moving out into the mainstream. Today the poor are still pouring into the slack water, although at a slower rate, but now there's a dam at the other end, so great numbers appear fated to stay in the slums unless they get help." *From* Building the American City *Report of the National Commission on Urban Problems*

In some of the largest American cities the housing problem has reached crisis proportions. One-sixth of America's 66 million housing units are substandard or overcrowded. Many are dilapidated and lack indoor plumbing. About 7.8 million families—one in every eight—cannot afford standard housing. Many of them are packed into city slums, with little hope of escape. In housing racial segregation remains the norm. It exists in cities large and small, in all parts of the country, and cuts across all income levels. It persists regardless of local laws and national policies.

These problems, the inadequate supply of housing generally but especially for the poor, and residential segregation, form the background of the Ford Foundation's activities in the field of housing. Since 1958, assistance has totaled some $19 million in grants and $2.5 million in investments or commitments consisting of stock purchases, low-cost loans, and bank guarantees. Foundation funds have not gone directly for construction. Rather they have supported new programs by intermediary organizations that are trying in a variety of ways to break the roadblocks—technical, legal and social, and financial—to decent housing.

The Foundation's approach has evolved through three interlocking stages:

—increasing the supply of housing through support for technical advisory services to nonprofit groups engaged in building low- and moderate-rental housing for the poor, minorities, and the elderly in both urban and rural areas;

—the support of open housing through assistance to such groups as the National Committee Against Discrimination in Housing, which has spearheaded the fight against residential segregation, and various national and local organizations working to remove the barriers that prevent minority families from moving into previously all-white apartments and neighborhoods;

—inner-city renewal, providing substantial assistance to such renovative agencies as New York City's Bedford-Stuyvesant Restoration Corporation and the New Detroit Committee.

This report describes some of the major efforts in these three areas. A complete list of the Foundation's grants in housing appears in the Appendix.

Housing Development

The private housing market does not serve the needs of low-income families. The National Commission on Urban Problems (the Douglas Commission) found in 1968 that building and land costs had risen so sharply in recent years that new multi-family housing could not be built for much less than $20,000 a unit. Even with a heavy subsidy, rental of these units would be roughly $150 a month. Yet half of the slum families can afford to pay only from $65 to $110 a month and the other half from $35 to $60. The low-income family has been effectively priced out of the new housing market.

The United States was a relative latecomer among the industrialized nations in providing housing subsidies for its poor. The first Federal legislation specifically for housing assistance to low-income families (public housing) was enacted in 1937. Since then some thirty-five Federal housing programs have been developed to serve a wide variety of market and income needs. One in eight American families must depend upon Federal subsidy programs, yet nearly everyone is agreed these programs have been inadequate.

Given this unresponsiveness of public and private institutions to the need for low-income housing, the Ford Foundation has sought to increase the number and improve the competence of relatively new agencies in the housing field—the nonprofit housing sponsors. Through national organizations and local housing development corporations, the Foundation has helped provide technical advisory services that enable these groups to cut through red tape and to take advantage of state and local resources for housing development. The Foundation has also assisted organizations that serve the housing needs of the rural poor and city dwellers eligible for public housing.

The "Nonprofits." Nonprofit groups have played an increasingly important role in the development of low-income housing since 1959 when Congress made them eligible for direct low-interest loans for housing for the elderly. Subsequent acts extended their participation through almost the entire range of subsidy programs administered by the Federal Housing Administration (FHA). James P. Twomey, director of the Foundation-assisted National Center for Low and Moderate Income Housing in Washington, D.C., estimates that nearly half of the low- and moderate-income housing produced under various FHA programs (excluding public housing) during the last ten years—a total of 135,000 units—was built under the sponsorship of nonprofit groups such as churches, labor unions, and community organizations.

Nonprofit sponsors operate in that middle area between the private housing market and the public housing authority, which provides shelter for the lowest-income families. Their encouragement by Congress indicated a widespread disillusionment with owners of low-rent housing, private as well as public, and a desire to engage the energy and social commitment of a special part of the private sector in replenishing the nation's housing supply. Another factor in their growth was the evidence that, in some cases, the slum-clearance projects of the 1950s had subordinated the interests of blacks and other minorities to business and commercial interests and actually had added to the shortage of low-income housing.

Nonprofit sponsors also have demonstrated an unusual ability to experiment and innovate. Public housing advocates thirty years ago believed that "good housing made good people," but today's reformers are more sophisticated. People eligible for public housing have been so battered by the cumulative effects of poverty and discrimination that they require a wide variety of medical, psychological, vocational, homemaking, and educational services. Nonprofit sponsors have experimented with novel approaches to involving the poor in the planning and management of projects. They counsel tenants on their financial and family problems and help them obtain stable employment. They also have been a positive force

"The slum-clearance projects of the 1950s actually had added to the shortage of low-income housing."

in creating increased opportunities for minority building and maintenance contractors.

Most nonprofit sponsors, however, lack the technical expertise to plan and build a housing project. The National Center for Low and Moderate Income Housing was created to provide this expertise. Formed in 1966 by the merger of the Local Development Services Section of ACTION, Inc. with Urban America, the center helps a nonprofit sponsoring group to structure itself, determine the type of housing it wants to produce, obtain money for initial expenses, and guides it through the maze of FHA procedures. Under FHA's program of mortgage insurance for low- and moderate-income rental housing, for example, more than forty forms must be completed from preapplication to final closing. To guide groups through this process, the center has published a 359-page document of which more than 4,000 copies have been sold.

The center also sponsors national and regional conferences to share information on project development and management, monitors and provides technical assistance to eighteen experimental housing programs financed by the Office of Economic Opportunity, and has provided leadership in the formation of the National Association of Nonprofit Housing Organizations. In addition, the center has made thirty-two feasibility studies for the creation of state and local housing development corporations, of which twenty have come into being.

"Nonprofit sponsors also have demonstrated an unusual ability to experiment and innovate."

The Foundation has provided more than $3.2 million for support of the center. In 1968, a special pool of $500,000 was established as a revolving fund from which seed money loans are made to nonprofit sponsors to cover preliminary land acquisition, and legal and architectural expenses. Repayment is made when planning is complete and the FHA has approved the project. In two years of the fund's operation, loans were approved for some forty projects representing about $90 million in new construction and more than 5,000 units of housing. The pool has since been augmented by additional funds from the Foundation and by loans from the Morgan Guaranty Bank and the Presbyterian Economic Development Corporation.

Increasingly, nonprofit sponsors have been caught in the squeeze between rising costs and tenant incomes that have not kept pace with inflation. This has led to rental arrears, unstable occupancy, inability to meet mortgage commitments, and reduced maintenance—the same vicious circle that has plagued public housing projects for decades.

Because of these problems, some critics have stated that nonprofit sponsors are not capable of managing projects and therefore should not be in the housing business at all. Spokesmen for the nonprofit sector argue, however, that this view overlooks the real achievements of the movement: the feeling of pride, and responsibility, that has come through participation of the minority community in the solution of its housing needs; the additional income that has flowed into ghetto communities through the use of minority contractors, lawyers, architects, and workmen; and the opportunities such projects provide for engaging low-income families in social programs addressed to their educational and family needs. Moreover, nonprofit housing provides the most tangible goal around which community groups can organize and contribute directly to stability of their neighborhoods. The management problems, according to Twomey, speak more for Federally guaranteed incomes for the poor—and thus a more stable source of support for the projects—and the need for expanded social services for tenants.

The Housing "Packagers." The growth of the nonprofit housing movement in the middle and late 1960s soon brought to light a crucial need. Even where the funds, land, and community enthusiasm were available, many projects were delayed, or never got off the ground, because of the lack of skilled production and management personnel. Only some 200 production specialists existed nationwide, nearly all of them white and many of them unwilling to work in the inner city. Few of the legal, financial, architectural, or developmental institutions that make up the housing industry employed more than a handful of blacks and other minorities.

In 1968 the National Center for Low and Moderate Income Housing and the Foundation for Cooperative Housing joined forces in a program to help remedy this shortage. Financed by grants of $617,000 from the Foundation, the program is training men and women, the majority of them black or from other minority groups, to become developers or production managers of low- and moderate-income housing projects for public, nonprofit, and cooperative housing organizations. Their role is to bring together builders, architects, mortgage bankers, and the FHA in developing entire communities for lower-income families.

Bright, college-educated, and mature (average age 31), the students are drawn from community action, housing development, or related organizations in more than thirty states. After seven weeks of classroom training in Washington, they spend four months in on-the-job training with private and public housing agencies. A final wrap-up week is spent in Washington where they are briefed on the most recent developments and their views solicited on how the program can be improved.

The course emphasizes the mechanics of project de-

"Two-thirds of the nation's bad housing is found in rural areas and small towns."

velopment and such specialized topics as property appraisal, mortgage finance, architectural considerations, and the elements of real estate. Speakers include assistant secretaries of the Department of Housing and Urban Development, mortgage bankers, builders, architects, real estate experts, and housing specialists.

The speaker at one classroom session was Anthony R. Henry, executive director of the National Tenant Organization. The topic was the problems of managing low- and moderate-income housing projects. A point he had made concerning the difficulty of some projects to service their debt had provoked a heated classroom discussion.

Trainee Carrie Bash, housing research director of the St. Louis Urban League, objected to the subordination of the interests of tenants to those of the holder of the mortgage on the project. "The problem really comes down to providing the services that will help the tenants solve their problems. Otherwise I think we should get out of nonprofit housing business and stop letting the Man use us." But another student argued that someone has to pay for the housing, and if the tenants can't, then they should be evicted.

Another, criticizing the patchwork of Federal housing programs, urged that Congress write a housing bill that really builds houses for poor people. "We seem to have enough money for prisons and jails but not enough for housing."

The discussion was typical of any day's classroom session during the trainees' Washington stay. Like many students these days, they are indignant at flaws in the system and are not afraid to badger the experts brought to speak to them, including high Federal officials. Fortunately, there is a two-way payoff: the students acquire the sophistication that will help the system work better and their mentors are exposed to the impatience of passionate advocates for the poor.

In the first three years of the program, 145 graduates have moved into a variety of jobs in the development of housing for low- and moderate-income families. One of the first graduates, John W. Hardy, was hired by the National Center for Low and Moderate Income Housing to serve as a housing specialist for community action agencies in eleven Midwestern states. "The fact is there are very few people in the country who know anything about the economics of low-income housing or know how to fill out a standard FHA application for mortgage insurance," he says. "Ordinarily, this is knowledge that is learned only after several years of on-the-job experience and we acquired it in just a few months."

The People Left Behind. If anything, the housing plight of rural communities is worse than that of the cities. Two-thirds of the nation's bad housing is found in rural areas and small towns. Worst off are the 500,000 reservation Indians, three-fourths of whom live in dwellings unfit for human habitation. In the South, more than half of all rural dwellings, occupied in the main by small farmers and former Negro sharecroppers and tenants, are substandard. Throughout the West and Southwest, Mexican-American farmworkers migrate from shack to shack as they follow the ripening fruit and vegetable crops.

The principal technical assistance agency serving the housing needs of rural America is the Rural Housing Alliance (RHA) in Washington. Established in 1966 as the International Self-Help Housing Association with a Ford Foundation grant of $150,000, the alliance is the nonmetropolitan counterpart of the National Center for Low and Moderate Income Housing. It acts as technical advisor to local groups in obtaining Federal mortgage credit, in acquiring land, and in organizing building projects. It also acts as a clearinghouse for information on rural housing and as an intermediary for rural groups with Federal agencies.

As its original name implies, RHA initially devoted

itself mostly to promoting the concept of self-help housing. Self-help is based on the proposition that a man's labor is as good as his money, and that by participating in the construction of his own home he acquires "sweat equity," which can significantly reduce the cost and eliminate the need for downpayment. Housing is thus brought within the economic means of many poor families who have no other suitable alternative.

The concept traces a long tradition, from frontier days when neighbors joined to raise a log cabin to the Penn-Craft project organized during the Depression by the American Friends Field Service Committee for the miners of western Pennsylvania.

Some 100 self-help projects have been organized in thirty states. The best known is Self-Help Enterprises (SHE) in California's San Joaquin Valley where more than 800 houses have been built for poor seasonal farmworkers.* The families join in groups of six to eight and spend up to thirty hours a week after their regular farm work building their homes under the guidance of a construction supervisor. Construction loans average about $8,000. The learning process includes the acquisition of construction skills and training in home management and literacy.

On the national level, RHA has helped focus attention on the problems of the rural poor through a series of publications and sponsorship of meetings. In June, 1969, for example, it was host for the first national rural housing conference, which called for government-assisted construction of seven million rural housing units during the 1970s.

Also in 1969, RHA broadened its focus to include a greater range of rural housing needs. This was in part due to the discovery that many rural families were dropping out of the migrant stream. Other families are elderly or headed by women and cannot be expected to help build their own homes. And, the self-help formula was clearly an inadequate solution by itself in view of the massive rural housing needs.

In line with these expanded responsibilities, which are being funded in part by supplementary Foundation grants of $655,000, RHA has been advising statewide migrant councils in Arizona, New Mexico, Colorado, Oregon, and Washington and scores of low-income and farm-workers groups in Appalachia, the Mississippi Delta, migrant areas of the Southwest, and other parts of the country. RHA has also established a revolving fund to make loans to local groups for land acquisition and has expanded its efforts to gather scarce rural housing data.

West Coast regional representative for the alliance is former VISTA volunteer Sharlene Belanger, who has an encyclopedic knowledge of rural housing conditions and Federal subsidy programs. "Most of the groups I work with are desperately short of the technical expertise, money, or sophistication necessary to get a project started," she says. "They are also up against the indifference of the larger community, which frequently feels that they have no housing problem at all."

Cuttings Wharf illustrates Miss Belanger's point. Located in the prosperous wine-growing Napa Valley between San Francisco and Sacramento, it consists of twenty-six ramshackle buildings occupied by migrant and unemployed families. The houses have no foundations, floors and walls are ripped with holes, sewage is dumped into the Napa River, the area is infested with roaches and rats, and the children's playground is a junk heap of some 100 abandoned, rusted car hulks. The city of Napa has established a housing authority and is building a low-income project, but the county government, which has jurisdiction outside the city's limits, has failed to take action on housing problems such as those at Cuttings Wharf. A local group called Napa County's Low-Income Families Together (LIFT) has demonstrated

*The Foundation recently assisted SHE in the development of a factory-built housing system especially designed for easy assembly by low-income families.

"Self-help is based on the proposition that a man's labor is as good as his money."

against the county supervisors for ignoring the atrocious living conditions at Cuttings Wharf, but so far it has lacked the organizational resources to do much else.

One of the groups that Miss Belanger is working with consists of eight Mexican-American families in the Valley. The group is headed by Ernesto Lugo, a farm foreman who earns $1.50 an hour and who lives with his family in a three-bedroom shack less than 100 yards from the farm owner's large ranch-style house. Lugo's group, determined to build new housing, has organized a nonprofit corporation, Napa County Better Housing. It obtained a seed money loan and after considerable searching found a suitable site for the new homes. Because of the hostility of county residents to the project a front man was used to buy the property. The buildings finally got underway, although the hostility persisted, accompanied by a certain amount of harassment.

Enter the States. Like national technical assistance organizations, the state (and in increasing numbers metropolitan) housing development corporations help local nonprofit housing groups to prepare FHA mortgage applications and make seed money loans to cover startup costs. They continue to advise the groups during the long period of mortgage processing, and several offer training in housing management. Support for the development

corporations has come mostly from the Office of Economic Opportunity and private foundations.

The North Carolina Low-Income Housing Development Corporation (NCHDC), for example, was organized in 1967 as a satellite operation of the North Carolina Fund, a broad-ranging antipoverty effort conducted with Ford Foundation support during the middle and late 1960s. The corporation has built or started construction on nearly twenty low- and moderate-income housing projects, with more than 1,500 units, in eighteen cities throughout the state. Few other state organizations have achieved such a record.

In Raleigh NCHDC advised a group of five churches in building a 100-unit project under the FHA rent-supplement program. The churches had no previous experience in housing, and a corporation team helped them package, process, and design the project. A black attorney was hired for the legal processing, and several black subcontractors participated in the building. With the project completed and occupied, the corporation's housing specialists have continued to advise the churches on management problems, social service programming, and tenant relations.

Although state governments are still timid about entering the housing field, a number of governors have obtained legislative approval for housing development corporations with the power to sell tax-exempt bonds for mortgage loans to nonprofit sponsors. A few of the agencies have been empowered with eminent domain. The movement is viewed as important because of the states' superior taxing and legal powers and their power to overcome local opposition to low-income housing. It has been estimated that perhaps several billion dollars a year could be added to the low- and middle-income housing sector by state action.

The Foundation has made grants to two of these agencies—in Illinois and West Virginia—for support of initial operational expenses until they can become self-supporting. The Illinois agency is providing technical assistance to a statewide network of regional development corporations that in turn will produce housing in the major metropolitan areas of the state. The West Virginia agency expects to build 9,000 units of housing over three years in rural and semi-urban areas, some of it through its own bonding authority.

Several local housing development corporations have also received Foundation grants for operating expenses. They include the Philadelphia Council for Community Advancement, which assists in the development of racially integrated housing in the suburbs of the area; the St. Louis Housing Loan Fund, which provides seed money and technical assistance for the production of new and rehabilitated housing throughout the metropolitan region; and the Southwest Council of La Raza, which is providing technical assistance to Mexican-American nonprofit housing groups in San Antonio, Phoenix, East Los Angeles, and Oakland.

New Options in Public Housing. Of the long list of government-assisted low-income housing programs, the oldest, largest, and most problem-ridden is public housing. Public housing has traditionally placed responsibility for development, ownership, and management of subsidized rental projects in the hands of independent local government housing authorities. They have often been criticized, however, for authoritarian management practices and for lack of sensitivity to special needs of their tenants, such as day care and ready access to shopping. In recent years, tenants have been becoming increasingly dissatisfied with these and other conditions. In St. Louis, for example, the Housing Authority almost went bankrupt when 1,000 families withheld their rents for eight months to protest poor living conditions and a rent increase.

One alternative to traditional public housing is an experimental home-ownership program pioneered by the

"Turnkey III has been described as one of the most important advances in public housing in thirty years."

National Council of Negro Women (NCNW) and the Department of Housing and Urban Development in Gulfport, Mississippi. There, 200 detached, single-family homes were built for families whose incomes qualified them for public housing. The program, known as "Turnkey III," has been described as one of the most important advances in public housing in thirty years.

The council's thesis is that low-income families can become responsible homeowners with encouragement, training, and the opportunity to participate in the planning and management of their projects. Testifying before the Sub-committee on Housing of the House of Representatives Currency and Banking Committee, Mrs. Dorothy Duke of NCNW pointed to the importance of the poor participating in programs designed for their own benefit. "Those excluded from decent housing, black or white, must be given the opportunity to help plan and build it. . . . Their exclusion from the production effort deprives the poor of the key ingredient which will help them most. The ingredient of pride and dignity that comes from the feeling they had a part in helping themselves and have not been know-nothing, do-nothing recipients of government handouts. The pride and dignity of low-income families can be destroyed or promoted by government housing policies."

Turnkey III projects are built by private builders under agreement with the local housing authority. Families sign lease-purchase contracts that permit them to become owners of their homes over twenty-five years, with part of the equity derived through the performance of maintenance services. As income increases to the point where a family can afford to buy, title is transferred on a regular FHA mortgage. The families also participate in a homeowners association that is responsible for management and community improvement.

NCNW staff and trained volunteers serve as liaison among homebuyers, the builder, and government officials and train the buyers in the fundamentals of home ownership and management. Foundation grants of $645,000 are enabling NCNW to act as a catalyst for similar projects in St. Louis, Dallas, Raleigh, San Antonio, Elizabeth (New Jersey), New Orleans, and in the Mississippi Delta. Representing $38 million in construction, these projects will benefit more than 16,000 poor.

Turnkey III has brought about a change in the relation between public and private agencies concerned with housing. Local housing authorities, for example, must now share with community participation committees, made up of local representatives and of potential homebuyers, the power to choose sites and housing design.

The council's and HUD's experience in Gulfport and in other communities has convinced a number of experts that Turnkey III, although it is not a panacea for housing the poor, has tapped a vein too often neglected in the past. A Federal housing task force, appointed by Secretary of Housing and Urban Development George Romney and on which NCNW representatives served, has recommended that 10 per cent of all public housing be Turnkey III beginning in 1971.

Open Housing

The increasing racial ghettoization of the American city has its origins in the great migration to the cities of the rural poor in the years during and after World War II. Deprived of their livelihoods by farm automation and the concentration of farm lands into larger productive units, farm laborers and tenant farmers poured into Northern and Western metropolitan areas in search of jobs and better opportunities. Most of the newcomers were from the South, and most of them were black. Between 1910 and 1960 the proportion of the nation's black population living in rural and urban areas reversed completely from some 70 per cent rural to 70 per cent urban.

The rural-urban shift was accompanied by a mass exodus of whites to the suburbs, where land was available for new housing, leaving the city centers to become, increasingly, racial ghettos. This redistribution of American population has yet to run its course. According to the 1970 Census, minority migration to large urban centers has not abated. In the sixty-six largest metropolitan areas, more than two million blacks entered the central cities during the 1960s as three million whites left for the suburbs. The current outflow of whites includes many lower middle-class families.

This racial concentration would not be threatening to the future of metropolitan areas if nonwhites were able to move into social and economic opportunity as systematically as previous slum inhabitants. Minority group families are excluded from many suburban areas by restrictive zoning and building practices. In spite of Federal and state open-housing legislation and a recent historic Supreme Court decision, too many real estate agents, individual homeowners, and landlords still discriminate against nonwhite buyers and renters. Meanwhile, job opportunities have been growing faster on the fringes than in the central city.

Recognizing this dilemma, the Ford Foundation has devoted a large proportion of its efforts in the housing field to help break down the barriers of racial segregation that trap blacks and other minorities in city ghettos and block their access to new housing and new jobs.

The Public Policy Arena. In 1967 the National Committee Against Discrimination in Housing published a pamphlet titled "How the Federal Government Builds Ghettos." In it, the committee listed seventeen ways in which it claimed the government had contributed to the increased ghettoization of American life. They range from the building of public housing projects that perpetuate segregated living patterns to loans and grants to municipalities where equality of housing opportunity has been denied to minorities. NCDH also charged that the Department of Housing and Urban Development central and regional offices were "replete" with officials who are out of sympathy with the nondiscrimination policies of the administration.

The only national public interest organization working exclusively in the open-housing field, NCDH has been a consistent challenger of the nation's housing segregation. In recent years, the committee has given increasing attention to the linkage between access to housing and employment opportunities, particularly in the suburbs, where most new jobs are being created. If enforced racial seperation continues to grow, the committee has argued, "the Negro worker faces an employment handicap previously experienced by no other group in the history of the nation: denial of the opportunity to live in areas reasonably proximate to available jobs. . . . If programs and strategies are not developed which will enable minority populations to *compete freely* in the labor market no matter where the market exists, nothing will alleviate the poverty, deprivation, and desperation of the ghetto poor and the resultant crisis confronting the cities and their people."

Besides its publications, NCDH has played a role in the fight for public policy reforms that would reverse

"'. . . the Thirteenth Amendment includes the right to buy whatever a white man can buy. . . .'"

racial separatism. It has also acted as a clearinghouse for housing information and action, as a national contact and technical advisor for local fair-housing groups and related community leadership, and as an innovator in developing methods to prevent housing discrimination.

NCDH was organized in 1950 by prominent civil rights leaders (among them, Robert C. Weaver, who later became secretary of the U.S. Department of Housing and Urban Development; Algernon Black, leader of the New York Society for Ethical Culture; and Frank S. Horne, acknowledged "dean" of the open housing movement) to give national cohesion to the then scattered efforts on behalf of open housing. Affiliated with it are fifty-one religious, civil rights, labor, and other organizations committed to eradicating residential segregation. Funding has come from both public and private sources, including some $1 million from the Foundation. Executive co-directors of the committee are Edward Rutledge and Jack E. Wood, Jr.

Before NCDH was formed there were no operative legal bars prohibiting housing discrimination either on a Federal or state level. Every major step for open housing in the public policy arena since then has borne the NCDH imprint in one degree or another:

—NCDH fathered New York City's Open City, the oldest and one of the most successful metropolitan-wide fair-housing organizations, and aided in the development of metropolitan housing opportunities centers in Denver, Los Angeles, Raleigh, and other cities. It maintains close liaison with governmental agencies working in the housing and civil rights fields. Together with the NAACP Legal Defense and Education Fund (to which the Foundation has also been a major contributor since 1967), the committee recently began an aggressive judicial attack on exclusionary land-use practices, with particular emphasis on challenges to discriminatory building codes and zoning laws.

—The committee helped provide the incentive and de-

veloped the constitutional arguments for laws against discrimination in the disposition of privately financed housing in New York City, Pittsburgh, Colorado, Massachusetts, Oregon, and Connecticut in the late 1950s. Today, twenty-seven states, the District of Columbia, and at least 375 localities have adopted fair housing laws.

—An NCDH proposal for a Federal executive order on fair housing met with resistance for a period of ten years. But then in 1962, President Kennedy signed Executive Order 11063 prohibiting discrimination in all Federally assisted housing. However, the order was more sweeping in its language than in its effect because it did not include housing conventionally financed through banks and savings and loan institutions.

The culmination of NCDH's legal research and educational efforts came with two events in 1968:

—With top officers and staff of the committee standing by, President Johnson signed the 1968 Civil Rights Act

which made it "unlawful . . . to discriminate against any person in the terms, conditions, or privileges of sale or rental of a dwelling . . . because of race, color, religion or national origin." The only exceptions, and then with some limitations, were single-family houses and so-called "Mrs. Murphy" dwellings—buildings that contain up to four units, one of which is occupied by the owner.

—A few months later the Supreme Court struck down even these exceptions. It ruled in *Jones v. Mayer* that an 1866 Civil Rights Law, heretofore negated by court decisions, meant exactly what it said in extending full property rights to all citizens, including former slaves. "When racial discrimination herds men into ghettos and makes their ability to buy property turn on the color of their skin, then it too is a relic of slavery," said the court, adding: "At the very least, the freedom that Congress is empowered to secure under the Thirteenth Amendment [abolishing slavery] includes the freedom to buy whatever a white man can buy, the right to live wherever a white man can live."

With the concept of open housing firmly embedded in public law, NCDH has been turning its attention increasingly to activities that will make housing available to minorities beyond inner-city boundaries. Thus NCDH is conducting a HUD-financed demonstration project in the nine-county San Francisco Bay area designed to match housing availabilities and job opportunities for minority workers.

NCDH has also been pressing the fight against exclusionary zoning and land use control through three law suits that attack zoning practices or actions within a single municipality. Together with actions brought by other agencies, the cases, if successful, could go a long way toward curbing abuses of the zoning power as a mechanism for enforced ghettoization.

The National Commission on Urban Problems (the Douglas Commission) documented how suburban governments keep out the poor and particularly nonwhite families through such controls as minimum lot sizes that drive up the cost of housing and prohibitions against multi-family dwellings. This practice is known as "fiscal zoning"—the exclusion from a political subdivision of any proposed development, such as low-income housing, that would require a greater community investment in new schools and other services than single-family housing.

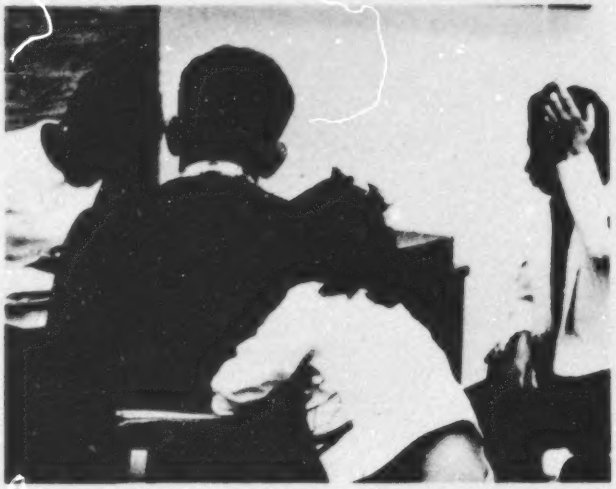
A major breakthrough in this litigation effort occurred in early 1970 when the U.S. Court of Appeals for the Ninth Circuit ruled that municipal officials, in carrying out local planning and zoning functions, must accommodate the housing needs of low-income citizens. The case was brought by NCDH attorneys, who had asked the Federal courts to invalidate a public referendum that denied a group of Mexican-Americans in Union City, California, permission to build a Federally assisted low-income housing project.

In 1971, however, the U.S. Supreme Court in a split decision upheld the validity of public referenda in such cases. The decree was a major setback for open housing. If local authorities can exclude subsidized housing and manipulate zoning and other controls to screen out families on the basis of income and, implicitly, race, the 1968 Housing Act goal of 2.6 million new homes a year during the next decade is unlikely to be reached, much less an appropriate balance in housing.

Operation Equality. "We have white houses for blacks (and red brick ones, too)" ran an advertisement in Cleveland's buses a couple of years ago. The placard introduced a new service offered by the Cleveland Urban League's Operation Equality to help minority families in the heavily segregated Hough and other districts find better housing, principally in white areas of the city.

Cleveland's Operation Equality, and similar programs sponsored by Urban Leagues in seven other cities (Seattle, Rochester, Philadelphia, Pittsburgh, Miami, St.

"A goal is to provide minority families with a professionally staffed service."



Louis, and New York) set out with an ambitious goal. It was to reverse segregated housing patterns by providing minority families with a professionally staffed service to help them gain access to housing of their choice and to encourage a broader distribution of housing to fit their needs. Funding came from the Foundation—a total of $1.5 million—and from $750,000 raised in the cities themselves.

That was in 1967. Four years later, Operation Equality had not generated a mass movement of Negroes from the central core outward although it had in a few of the cities begun to generate community forces that might bring significant change in the future.

Precedent for Operation Equality was Open City, a New York City Urban League demonstration program launched in 1964, which located housing, counseled prospective minority tenants and buyers on its availability and their rights, and brought clients and housing together, often through escort service and, at times, through legal action.

The first part of the eight-city Urban League operation —finding available units and matching them with families—was simply the classic function of fair-housing groups throughout the country. Operation Equality professionalized this service with full-time staff working out of neighborhood offices in conjunction with mostly white volunteers in the suburbs. The second part—creating a free and open housing market suited to every income level—was much harder. It required community organization, educational campaigns, and changes in the law.

The whole system of housing supply and metropolitan development had relegated low-income minorities to the worst housing in the city and offered them almost no opportunity for escape. Seattle was the first of the Operation Equality cities to come to grips with this dilemma and achieve a degree of change in the system.

Seattle lies at the center of a fifty-five mile long metropolitan area that despite recent unemployment is one of the fastest growing urban concentrations in the United States. The region is characterized by many local political jurisdictions, whose zoning regulations frequently help to maintain single-class, racially exclusive neighborhoods, although Seattle has a relatively low concentration of blacks. Job opportunities have been growing fastest at the fringe but they are out of reach for most low-income families in the central city because of long commuting distances and because of the shortage of nearby low-income housing.

More than 80 per cent of the region's 50,000 Negroes live in the central area, a district of older, mostly single-family homes, of which nearly one out of five is classified as substandard. Although population in the district grew by half from 1960 to 1970, housing units increased by only 4 per cent. Together with growing segregation of schools serving the area, the statistics illustrate common urban phenomena—growing concentration of racial minorities in a central core area, declining economic, educational, and housing opportunities, and increasing black militancy.

This was the setting when Seattle's Operation Equality, with $138,000 in Foundation money and $70,000 in

local funds, opened an office in the ghetto. Selected to head a staff of six persons was David Guren, a white, former hardware salesman and civil rights activist who had been head of the State Civil Liberties Union.

The climate for expanding housing opportunities for Negroes beyond the central area was hardly receptive. The citizens of Tacoma and Seattle in 1964 had resoundingly defeated proposed fair-housing laws. Washington was the only state whose Supreme Court had declared an open-housing ordinance to be unconstitutional.

More serious, however, were the economic realities. Operation Equality did not lack for listings or applicants. But the houses coming onto the market were those of the region's more affluent whites, which were selling for $30,000 to $40,000, and most of Seattle's Negroes are poor. New single-family housing could not be built for less than $18,000 to $20,000 because of the high cost of land and labor. Moreover, there were almost no vacancies in public housing, and little disposition by the authorities to add to the supply. Even if housing discrimination were eliminated, 80 per cent of the people would not be affected. There was just no place for them to go.

Thus Seattle's Operation Equality veered from its original course of recruiting and moving middle-class Negro and other [illegible] families to the suburbs to an entirely new strategy—the expansion of the supply of low- and moderate-income housing.

Operation Equality was quick to take advantage of the rehabilitation provision of Federal housing laws, through which rundown homes are acquired and remodeled under nonprofit sponsorship. Working closely with the Federal Housing Administration regional office, Operation Equality reduced the time for approval of government financing from seven or eight months to ten days. More than 200 units of this "instant housing" was thus produced, most of them in white blue-collar neighborhoods. With 100 per cent financing over thirty years at 3 per cent interest, the cost of these units was well within the budgets of most Operation Equality clients, including a number of those on welfare.

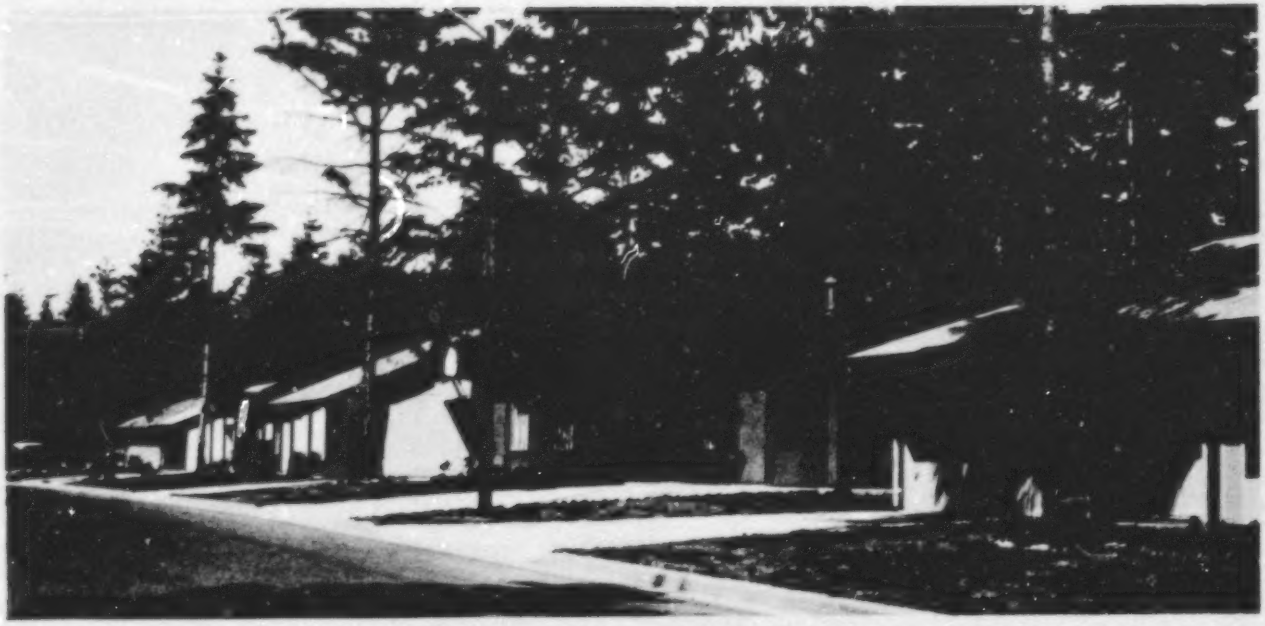
During this period, the political climate against open housing abruptly changed. The assassination of Martin Luther King galvanized support for efforts by church and citizens' groups to circulate fair-housing petitions and persuade the state real-estate licensing commission to adopt strong rules against discrimination. Within a matter of weeks, more than 90 per cent of the region became covered by local fair-housing ordinances. New state rules prohibiting discrimination by real estate interests were also adopted.

The Operation Equality staff collaborated closely with the Seattle FHA office's pioneering efforts to build a type of home where standards of construction and development are relaxed in order to reach a lower-income market. Andrew Hess, regional FHA director, convinced a half-dozen Seattle builders to put up 5,000 of these units, which market at 25 per cent below normal cost, on prime suburban land tracts. The homes were within easy access to suburban jobs and more than two-thirds of them were priced within reach of families with incomes of $9,000 or less. Operation Equality helped mobilize sympathetic community forces when several of the projects were challenged in zoning fights.

One such development is Timberland, attractively nestled among the pines some thirty miles south of Seattle. Cost reductions were achieved by cutting lot sizes to 5,200 square feet, but this was compensated for by setting aside thirty-two acres of open space. Community facilities include a heated swimming pool, recreation center, and a clubhouse.

Operation Equality was able to place half a dozen black families in Timberland, although not entirely without incident. During the first several months of one young Negro family's residence, a white neighbor attempted various forms of harassment. Operation Equality intervened and informed the county prosecutor's of-

"The homes were priced within reach of families with incomes of $9,000 or less."



fice. The man was summoned and sternly warned to desist or face prosecution.

The family's new three-bedroom home is convenient to the husband's job in a supermarket warehouse, and the children are attending a predominantly white suburban school. While the parents miss their old neighborhood, they feel that the greater opportunities for their children more than offset the loss. They hope that living in Timberland will give their children a deeper understanding of the barriers that separate the white man from the black.

By May of 1969, after four years of operation, the eight-city Operation Equality experiment had succeeded in relocating a total of only 1,235 black minority families outside predominantly black neighborhoods. Seattle's record was one of the best, about 200 families. The results, and approaches, in the other cities were mixed. By far the greater number of suburban housing units available were well out of the financial reach of the families who sought their services. Anti-discrimination laws, if not openly defied, were evaded by subtler techniques. But, as in Seattle, the major roadblock was the shortage of existing low- and moderate-income housing. Cleveland's effort, which received strong backing from the local industrial and legal community, concentrated on eliminating the discriminatory practices of the local real estate industry. Pittsburgh confined most of its housing improvement efforts to inner-city neighborhoods. In Rochester, Operation Equality filed seventy-seven discrimination complaints during the first year. Philadelphia's operation disbanded after a year because of lack of coordination and financial support.*

*New York's Open City, which received most of its funding through New York City's antipoverty program and whose totals were thus not made part of the eight-city experiment, achieved the most enviable record, helping more than 4,000 families—a fourth of its clients—obtain better housing.

Operation Equality has demonstrated that a substantial amount of local money could be raised for a highly controversial civil rights activity. In several of the cities, it convinced the community leadership that housing should have equal priority with jobs, education, and other services that had been systematically denied to minorities. It proved that anti-discrimination laws could be used to open existing housing and documented the racial and economic restrictions of building and zoning codes. And it began using some of the new tools and funding resources that had been created on a Federal level to enlarge housing opportunities.

Integrating Apartments. The Mutual Real Estate Investment Trust (M-REIT) is an investment firm with a social purpose. Organized in 1965, M-REIT buys or invests in good quality apartment buildings in all-white neighborhoods and then integrates them as vacancies occur. The whites do not run, and the firm makes a profit on its operation.

M-REIT has made investments in eighteen apartment buildings in the greater New York, Philadelphia, Washington, Wilmington, Chicago, and St. Louis areas. Integration is carried out quietly in the belief that biracial tenancy needs neither spotlights nor self-righteous pronouncements. Although M-REIT does not establish quotas, white majorities prevail in the buildings to avoid "tipping."

M-REIT is a public corporation and secures its capital through the sale of stock. While its rate of return is below the norm for commercial real estate investments, it has paid almost continuous dividends to its more than 9,000 shareholders. To enable M-REIT to expand its operations, the Foundation in 1968 purchased $1 million in shares through a new program in which part of the Foundation's investment portfolio is used to make loans to or invest in business activities that have a social purpose. The firm was able to attract some $3.5 million in additional equity and thus make additional investments in apartment buildings.

Open Housing in Connecticut. Richard Russell, son of a grocer and millionaire owner of a highly successful Hartford, Connecticut, automobile agency, is a man of legendary impatience. At a local Chamber of Commerce conference in 1965 called to discuss a number of urban problems, he asked George Ritter, then deputy mayor of Hartford, what it would take to do something about the city's growing residential segregation. Hartford's nonwhite population during the 1960s had grown from 25,000 to 40,000, nearly all of it squeezed into a small section bounded by the Connecticut River, the railroad, and a city park. (The more perceptive of Hartford's leaders likened the situation to a pressure cooker. It finally exploded in riots during the summer of 1969.)

To Russell's question Ritter replied: "Money and the cooperation of the local banks." With that Russell pledged $200,000 of his personal funds. Within ten minutes, the two men together with a local banker had worked out the basic operating plan of what was later to become the Connecticut Housing Investment Fund (CHIF), a corporation that would buy or arrange financing for suburban homes for Negro and other minority families trapped in the Hartford ghetto, or, on occasion, help a white family buy a home in a racially mixed neighborhood.

During its first three years of operation CHIF was known as Robert Littleton, Inc., a name chosen partly because of the desire of the principals to retain anonymity and partly because of its good Yankee ring. Selected to run the organization was Ritter's wife Patricia, a licensed real estate broker, a former member of Connecticut's Civil Rights Commission, and mother of five. The first office was the kitchen table of the Ritter home where Mrs. Ritter would counsel black families, telephone sellers, and process mortgage applications. Fair-

housing groups in Hartford's suburbs were enlisted to accompany families on home inspections and to act, at times, as straw buyers when families were confronted with discrimination.

If the family lacked money for a downpayment, as about two-thirds of the applicants did, Littleton, Inc., bought the suburban home outright and then rented it to the family under a lease-purchase arrangement. Payments were scaled so that within five to seven years the family would acquire sufficient equity to refinance the loan and assume full title. In the other cases, the family put up $500 to $1,000 in savings, obtained a conventional bank mortgage for three-quarters of the purchase price, and Littleton, Inc. provided a second mortgage for the remainder at an interest rate about 1 per cent above the first mortgage rate.

As Littleton, Inc. gathered momentum, more banks joined in the financing, the insurance companies that abound in Hartford began to take notice, and a number of leading citizens joined its board. Except in isolated cases, the families were welcomed in their new neighborhoods. News of the operation passed by word of mouth in the black community and more families began to apply. Everyone was frankly told the objective of the program was residential integration. To smooth the way of black families, sympathetic suburban residents and a local priest or minister welcomed them soon after they moved in. This helped to thaw the attitudes of the neighbors.

In early 1967, Russell, Ritter, Maxwell Belding, a Hartford investment banker, and other backers acted to put the operation on a more permanent footing by forming the Connecticut Housing Investment Fund. They hired as executive director of the nonprofit corporation Howard R. Chamberlain, an engineer and a graduate of the Harvard Business School, who had had experience in real estate.

Belding gave $60,000 in personal funds to meet immediate expenses. The following year the Foundation granted CHIF $218,000 for the operating expenses of offices in Hartford, New Haven, and Fairfield County in connection with a three-year program to move 750 nonwhite families to the suburbs. For capital to finance this expanded program, CHIF secured a commitment of $1 million each from the three largest Hartford insurance companies—Connecticut General, Aetna Life, and Travelers. The Foundation is guaranteeing $500,000 of the $3 million against possible loss.

In the first two years, CHIF assisted 324 families to move. This rate is expected to grow to some twenty families a month. The great majority of its loans has gone to nonwhite families, but in a few cases CHIF has made loans to white families to help stabilize the racial composition of changing neighborhoods. For example, when several black families moved into the Blue Hills section of Hartford, real estate brokers began pressuring the remaining whites to sell. CHIF was able to convince three white families to move into the neighborhood, and the panic subsided.

Ritter, Belding, and Chamberlain attribute CHIF's success to its business-like approach, to the substantial corps of upwardly mobile nonwhite families in Connecticut, and to the commitment of community leaders to housing integration. Serving on CHIF's board are a vice president of a large insurance company, the secretary of one of the largest banks, a professor, an architect, and an editor of a suburban newspaper.

In sum, CHIF is no more than a real estate investment firm operating with a social purpose and under somewhat more liberal terms than prevail in the normal market. The organization prides itself on the fact that it runs its program at economic cost, i.e., the only subsidy it requires is the cost of running its three offices. Even then, Chamberlain hopes the operation can become self-sustaining in five years. CHIF pays close to market rates for the money it borrows, and to recoup at least a part of its

"Hispanos are
even more impacted
than poor blacks."

operating costs, it charges its customers 2 per cent above that rate for the money they borrow.

CHIF serves a growing clientele of families who are young, upwardly mobile (three-quarters of the wives work), and determined to obtain a healthier, safer, and pleasanter living environment and a better education for their children. These families have an average income of $12,000 a year and no more than two or three children; nearly half are managerial, professional, or social service workers. The average cost of the homes they buy is $25,000.

For the future, CHIF plans to do more for the poorer nonwhite families unable to meet its requirements for buying single-family homes. It will be the nonprofit sponsor of a 188-unit low- and moderate-rental housing project in a Hartford urban renewal project and also hopes to expand a co-buying program under which it buys homes jointly with families who lack the downpayment required for conventional financing.

CHIF is also trying to export its model of suburban integration to other sections of the country. CHIF-type organizations are now operating in White Plains and Huntington, New York, Chicago, and Portland, Oregon. About this national effort Chamberlain says: "The postwar growth of the suburbs was in no small part due to FHA and VA financing. The special interest groups benefiting from these programs were the veterans and young families who lacked the 25 per cent downpayment necessary under conventional financing. We hope to prove that minorities confined to the ghetto are an equally deserving special interest group."

The Denver Experience. Like many similar efforts, the Metro Denver Fair Housing Center began as a voluntary fair-housing organization, with the sponsorship of a religious group, in its case the Religious Council on Human Relations for Metropolitan Denver. Today Metro Denver is the largest professionally staffed fair-housing organization in the country. It operates on a budget of $500,000, provided mostly by grants from the Office of Economic Opportunity and the Ford Foundation. Its thirty-seven staff members, consisting of thirteen Negroes, thirteen Hispanos (people with Spanish surnames and Denver's largest minority group), ten Anglos (whites of European origin), and one Oriental, provide a broad array of housing services, ranging from counseling of prospective low-income home buyers to sponsorship of nonprofit housing groups that are rehabilitating rundown housing or building multi-family units throughout the Denver metropolitan area.

Metro Denver started in 1965 as a listing and escort service for middle-income Negro families who were anxious to move out of the segregated housing. Today its objectives for the middle-class Negro family have been largely achieved. Robinson G. Lapp, the young minister-director of the center during its initial years, says that while discrimination obviously still exists in Denver, the city has gone a long way toward giving minorities a "free choice" in where they want to live. More than 500 black families are living in nonsegregated areas of the city, and there are only a few subdivisions in the greater Denver area without at least one Negro family.

With this improved climate for the middle-class Negro, Metro Denver is now concentrating its efforts on increasing and upgrading the supply of low- and moderate-income housing and achieving economic integration of the poor with the nonpoor. In this effort, it is running into a buzzsaw of entrenched discrimination, particularly in outlying suburban areas.

Most of Denver's poor live in the central city in neat rows of single-family homes that nonetheless contain the same social symptoms of decay that are found in the highly compacted areas of large Eastern cities. Although Denver is a relatively young city, a little over 100 years old, some 13 per cent of its housing was characterized as deteriorated or dilapidated in 1960. Virtually none

22

"For the rehabilitation program the owner is only required to put down $200."

of the new housing constructed in the last fourteen years has been for low-income families.

The largest minority in Denver is Hispanic and although middle-income Hispanos make the transition to white neighborhoods more easily than blacks, low-income Hispanos are even more impacted than poor blacks. A desire to be of greater service to these families was another reason to stress housing development.

To direct Metro Denver's housing development activities Lapp looked all over the Negro community "for the best black real estate broker and appraiser I could find." He found him in Shedrick T. Devers, who knows his way around Denver's power structure.

Devers, who later succeeded Lapp as director, is sanguine about Denver's racial situation and attributes much of Metro Denver's muscle to the power of money. "We have a lot going for us, including a progressive white community and a minimum of extremists who want to burn the place down. It's also not very difficult to command attention when people know that you represent $5 million in new construction."

This money is on hand or has been spent through two projects—the sponsorship by the Denver Catholic Archdiocese of 300 rent-supplement units on sites scattered throughout Denver and its four surrounding counties; and rehabilitation of some 100 rundown homes under the FHA 221(h) program.

The ambitious archdiocesan project has not gone smoothly. In suburban Jefferson County, the county commissioners turned down a zoning petition for a cluster-type arrangement of thirty-six units on grounds that the petitioners failed to present sufficient evidence of the need for low-income housing. In suburban Adams County the commissioners also voted down a proposal to set up a public housing authority to build low-income units. The archdiocesan project has also met resistance in downtown Denver, where a group of residents sat silently through a City Council rezoning hearing bearing signs saying "Your Neighborhood May Be Next."

Nevertheless, the first 116 town houses have been completed and occupied on four sites, three of which are in middle-class Anglo neighborhoods in Denver. Construction began in the winter of 1970 on the remaining 184 units on eleven suburban sites.

For the rehabilitation project, Metro Denver has assisted the formation of twenty-three nonprofit corporations that acquire rundown homes in the ghetto or on its fringes and rehabilitate them for low-income families. Most of the groups are church-affiliated but in one case a group of University of Colorado students formed a corporation. They assist in selecting the tenant, help him obtain a mortgage, and advise him on the problems of home ownership. Financing is provided by FHA mortgage insurance and the owner is only required to put down $200. His carrying charges are no more than $70 a month. More than half of the rebuilt homes have been purchased by Hispano families. Metro Denver has found that the rehab program has been useful in bridging the gap between the urban poor and the concerned middle-class whites who want to "do something."

Rebuilding the Slums

In the midst of the worst housing shortage in its history, New York City has been abandoning residential buildings at a rate faster than they are produced. Dr. Frank S. Kristof, who was the city's chief housing economist for six years, estimates that between 1965 and 1968 some 100,000 units housing about 275,000 persons were abandoned by their owners and the tenants forced to relocate elsewhere, a loss greater than that caused by slum clearance over twenty years. Yet during the 1960s construction of publicly aided housing has averaged only about 12,000 completions a year.

Abandonment has given certain New York neighborhoods a bombed-out appearance—deserted, windowless buildings, fire-scorched walls, interiors gutted of plumbing, rubble-strewn lots where buildings once stood.

Why do the owners walk away from these buildings, many of which are still structurally sound and less than fifty years old? Although blame has been placed on unscrupulous landlords, irresponsible tenants, and bureaucratic rigidity, the reasons are basically economic. Faced with increasing costs for credit, taxes, and maintenance, irregular rent collections, and a rental ceiling imposed by the city's rent control law, the landlord finds it cheaper to simply turn his back on the building. He stops supplying heat and superintendent services and the building becomes uninhabitable. Many are then vandalized and the city is forced to assume the responsibility for them because of their unsafe condition. Eventually they are torn down.

Even sound neighborhoods are threatened by this process of decay. Edward J. Logue, head of the New York Urban Development Corporation, likens the process to a cancer. A single building becomes vacant, then another and another. "They grow, they fester, they leap across a backyard to the block on the other side."

The Bedford-Stuyvesant district of Brooklyn, New York City's largest black ghetto, is a neighborhood suffering from this decay. In 1900 Bedford-Stuyvesant was a staid middle-class community of solid three- and four-story brownstone houses on attractive tree-lined streets. The great majority of the population at that time was white—Irish, Germans, Jews, and other ethnic groups who had achieved a measure of prosperity. Beginning in 1930, blacks began moving into Bedford-Stuyvesant and by 1950 they represented half of the total community population. Today Bedford-Stuyvesant is 85 per cent Negro and about 10 per cent Puerto Rican.

In 1966, the late Senator Robert F. Kennedy and his staff, with bipartisan support from Senator Jacob Javits and Mayor John Lindsay, worked out the details of a program that would harness all sources of power to the rebuilding of Bedford-Stuyvesant—the community itself, government, and private business. A Special Impact Program was passed by Congress that would provide employment for the hardcore unemployed, assist the development of self-supporting ghetto business, and permit the making of community block grants so as to eliminate separate applications to different Federal agencies. A Federal grant of $7 million was secured, supplemented by $750,000 from the Ford Foundation to cover administrative expenses.

The engine for Bedford-Stuyvesant's renewal effort is two corporations, the Bedford-Stuyvesant Restoration Corporation ("Restore"), representing the community, and the Bedford-Stuyvesant Development and Service Corporation (D & S), representing New York's white business leadership. The latter organization is unique, since New York's business and financial elite had heretofore been involved only peripherally in the anti-poverty effort. Their participation was clinched with the argument that they would have a chance to prove that the influence and problem-solving capabilities of American business could make a real difference in the urban crisis.

Although Bedford-Stuyvesant has been badly neglected by government (in the fifteen years since the Housing Act of 1949, the neighborhood had received virtually no

state or Federal housing funds) and traditional sources of financing have long since left, it has two things going for it. It has a solid core of middle-income blacks, a number of whom own their own homes. And between 60 and 70 per cent of its buildings are classified as sound, in contrast to Harlem where half are deteriorated.

In the three years since the formation of the twin corporations, some ten programs have been launched. The exteriors of some 1,800 brownstones have been refurbished by more than 2,000 out-of-work residents trained and paid by "Restore." Seventy per cent of these workers were placed in permanent employment at the end of their training. With a $1 million grant from the Vincent Astor Foundation, "Restore" has rehabilitated three rundown city blocks into a landscaped recreational area. IBM was persuaded to locate a computer equipment plant in the area that gave employment to more than 300 local people. Loans totaling more than $1.4 million were made to forty-three local businesses. A former dairy building was purchased and rehabilitated by local labor for a combination community center and office building. Direction of this community effort has been under the leadership of New York Supreme Court Judge Thomas R. Jones and Franklin A. Thomas, a former New York deputy police commissioner.

It is in the field of housing that the strategy of the twin corporations and the involvement of the white power structure has been brought into full play. Under the leadership of First National City Bank's George S. Moore, a series of complex negotiations were carried out with New York's banking community and the FHA to form a mortgage pool that would lend money for the purchase, refinance, or rehabilitation of homes in Bedford-Stuyvesant. Eighty-five banks set aside $65 million of loan funds to be used by owner-occupants of one- to four-family dwellings in the community.

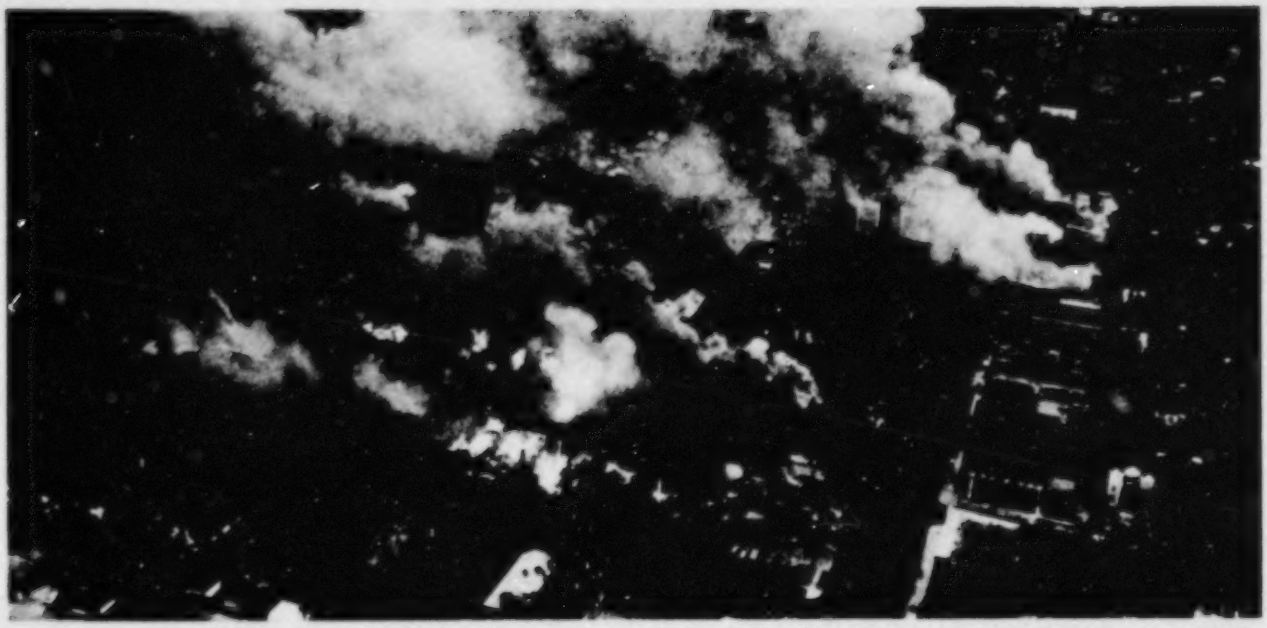
The need for the pool was clear. With the heavy immigration of Negroes and Puerto Ricans following World War II, mortgage funds dried up and home financing was left largely to speculators. Residents wanting to buy, refinance, or make major improvements on a home frequently resorted to short-term second and third mortgages with large "balloon" payments toward the end of the finance period. For example, a home-owner lacking $3,000 to complete a mortgage may have to sign a note for $6,000 to be paid back in from two to five years; if he misses a payment, he loses his property.

"Restore's" mortgage pool has changed all this. It has drastically reduced the amount of downpayments and has made available FHA-guaranteed loans that sharply reduce monthly payments. It has also eliminated the payment of points system, which previously had been as high as 20 per cent of the face amount of the first mortgage loan. The pool may thus save a homeowner from $125 to $150 a month, money that can be devoted to maintenance or other family needs. Since the pool was formed, "Restore" has helped negotiate more than 500 loans totaling $9 million, mainly for the refinancing of existing debts. At the same time, "Restore" has identified some 450 units of deteriorated housing for rehabilitation and has plans for the construction of 500 new housing units.

While it is still too early to claim a rebirth for Bedford-Stuyvesant, progress has been visible and the community has regained its confidence. Urbanologists around the country are closely watching whether this unique welding of indigenous leadership with the technical, financial, and political resources of the larger community has been the missing ingredient in rebuilding the ghetto.

The New Detroit. If Bedford Stuyvesant's renewal was sparked by a discerning politician's concern for a more imaginative approach to the problems of inner-city decay, Detroit's was set in motion by the nation's most destructive civil disturbance in this century. On July 23, 1967, an early morning raid by police on an after-hours

" 'But Detroit . . .
what have we to say
after Detroit?' "



speakeasy in downtown Detroit touched off four days of nightmarish rioting in which forty-three people died, hundreds of homes and stores were gutted, and thousands were arrested. "But Detroit . . . what have we to say after Detroit?" asked urban expert Daniel P. Moynihan, reflecting the bewilderment of a riot-numbed citizenry who had been told the city was a model of constructive race relations.

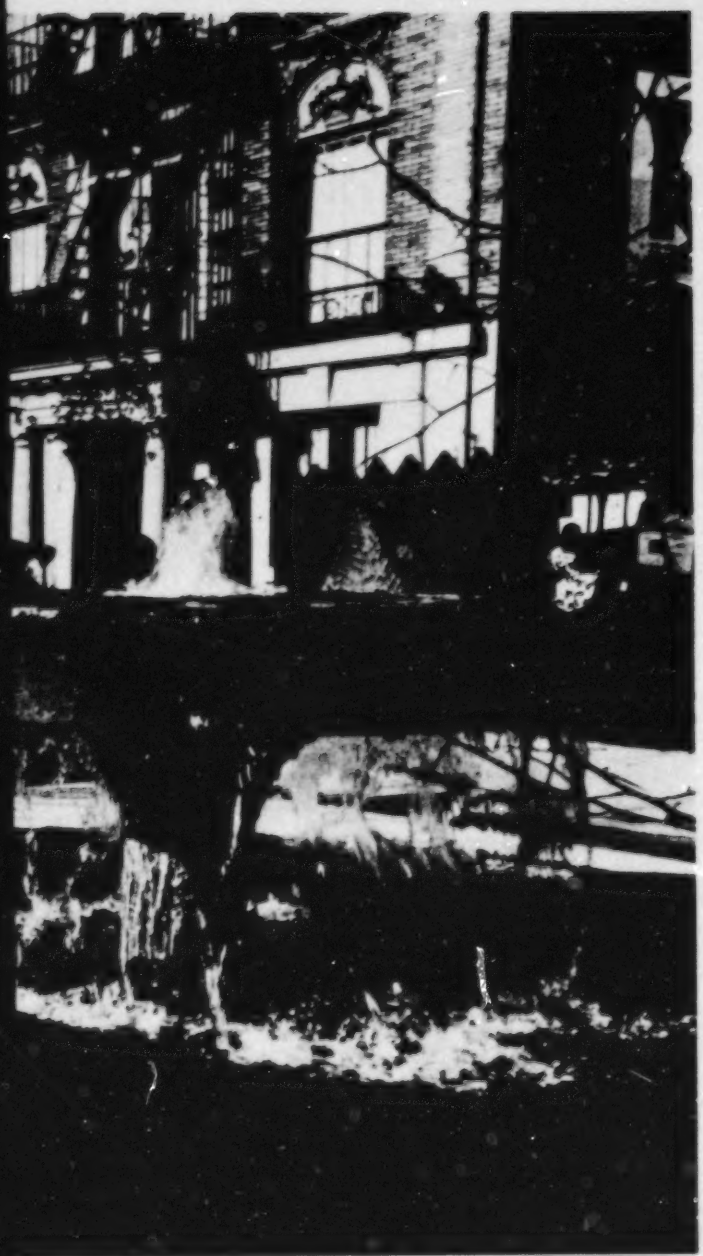
Out of the collective soul-searching that followed the disturbance came the New Detroit Committee, a high-powered group of civic, business, labor and other leaders, a resolve to get at the root of racial and social disorder, and a commitment of $10 million, much of it from the big three auto companies, major utilities, and the United Automobile Workers. Ford Foundation grants to New Detroit have totaled $1.4 million.

New Detroit has launched a broad-scale attack on inner-city problems, including projects in economic development, job creation, education, and community services. In housing, the committee selected as its vehicle the Metropolitan Detroit Citizens Development Authority (MDCDA), which was created a few months before New Detroit itself got going by then Mayor Jerome Cavanagh, the late Walter Reuther, president of the United Automobile Workers, and Walker Cisler, Detroit industrialist.

MDCDA's charter lists four goals: to increase the supply of low- and moderate-income housing; to involve neighborhood residents in housing decisions affecting them; to enable minority contractors, architects, and workers to share in the economic benefits of housing construction; and to lower the cost of housing through changes in the outdated building codes and the use of assembly-line methods.

Though beset by many disappointments in three years of operation, MDCDA has completed or has under construction more than 1,400 housing units and has obtained FHA commitments for 2,000 more.

New Directions



Efforts to stem urban blight, to build new housing, and ensure equality of residential opportunity are not panaceas, of course. They require a complementary attack on a broad array of problems—poverty, racial bigotry, joblessness, poor schooling—to enable the poor and nonwhite to share more equitably in the benefits of the larger society. At the same time new challenges are arising in the housing field.

Among them are programs to improve the existing inventory of housing, not only through rehabilitation but also through better management and maintenance, and extending individual and cooperative home ownership. In New York City, for example, the Foundation assists the Urban Home Ownership Corporation, which is using Federal and city subsidy programs to renovate deteriorated housing for cooperative ownership. Foundation-assisted efforts are also going forward to train more managers for low- and moderate-income housing projects built with Federal subsidies.

Increasingly the Foundation is working on housing within the framework of community development. In particular, support is going to selected community development corporations that are making effective use of government and private resources to increase jobs and income, improve schools and housing, and enhance the quality of community life generally. Groups like the Watts Labor Community Action Committee in Los Angeles, the Bedford-Stuyvesant Restoration Corporation, Zion Non-Profit Charitable Trust in Philadelphia, and the Home Education Livelihood Program in New Mexico have strong roots in their communities and have also forged links with business and civic interests in the area. They are promising efforts by the poor and racial minorities both to help themselves and to secure better service from government, business, and other agencies in order to achieve parity—economic, social, and political—with the rest of American society in a range of necessities, including housing.

Ford Foundation Grants in Housing, 1958-1970*

Housing Development	Amount
Action, Inc. (1963, 1964) and **Urban America, Inc.** (1966, 1968) and **National Center for Low and Moderate Income Housing** (1971): Program to stimulate the formation of local development funds and to provide technical assistance to non-profit housing groups	$3,282,695
American Friends Service Committee (1966): Self-help housing conference	21,700
Center for Independent Action (1971): Program to test the feasibility of private mortgage financing for low-rent housing in Indianapolis and Birmingham, Alabama	40,400
East Los Angeles Community Union (1970): Community-based maintenance and home-repair service	210,000
Foundation for Cooperative Housing (1968): Technical assistance for rural cooperative housing	89,115
Foundation for Housing Innovations (Boston) (1968): Experimental home-ownership program for low-income families	128,539
Greater Boston Community Development, Inc. (1970): Technical assistance for low- and moderate-income housing development	100,000
International Self-Help Housing Associates (1967) and **Rural Housing Alliance** (1969, 1971): Technical and advisory services for development of rural housing	805,000
National Association of Housing and Redevelopment Officials (1964): Seminars on the design of public housing	25,000
National Council of Churches of Christ in the U.S.A. (1967, 1971): Self-help housing program for dispossessed farmworkers in Mississippi	210,000
National Council of Negro Women (1968, 1971): Promotion of new programs for home ownership by poor families	645,000
National Urban League (1970): Programs for improving living conditions of disadvantaged minorities (portion for housing activities)	200,000
New York Urban Coalition (1970, 1971): Rehabilitation of housing for the relocation of low-income families in Harlem	350,000
North Carolina Low-Income Housing Development Corporation (1970): Improved management techniques for land banking and housing development	75,000
Philadephia Council for Community Advancement (1970): Technical assistance for housing development, particularly in suburban areas	206,000
Pratt Institute (1964): Research and experiments to reduce the cost of apartment housing for low- to middle-income families	$ 25,000
Self-Help Enterprises (1971): Development of experimental prefabricated self-help housing in San Joaquin Valley, California	50,000
Southwest Council of La Raza Housing Development Corporation (1970): Technical assistance for housing development in Mexican-American communities in San Antonio, Phoenix, East Los Angeles, San Francisco, and Oakland	600,000
St. Louis Housing Loan Fund (1970): Technical assistance for low- and moderate-income housing	233,070
Stanford Mid-Peninsula Urban Coalition (1971): Housing development for low- and moderate-income families throughout California's East Bay/Mid-Peninsula area	150,000
Technical Assistance Corporation (Illinois) (1970): State agency providing technical assistance for regional housing development corporations	720,000
Urban Home Ownership Corporation (1970): Program to rehabilitate deteriorated apartment buildings and form community-based cooperatives to manage them	350,000
Watts Labor Community Action Committee (1971): Technical and financial assistance for low- and moderate-income housing development	425,000
West Virginia Housing Development Fund (1970): State agency providing technical and other assistance for housing development in rural and semi-urban areas	400,000
Total	$9,341,519
Open Housing	
National Association of Intergroup Relations Officials (1962): National conference on equal opportunity in housing and urban redevelopment	$ 24,000
National Committee Against Discrimination in Housing (1966, 1968, 1969): Activities to combat racial discrimination in housing	1,043,000

30

Projects to promote equal opportunity in housing:	
Chicago Conference on Religion and Race (1968) and **Home Investments Fund** (1971)	315,000
Connecticut Housing Investment Fund (1968, 1970)	418,000
Housing Opportunities Council of Metropolitan Washington (1969)	300,000
Metro Denver Fair Housing Center (1968)	300,000
National Urban League (1966)	1,500,000
Seattle Urban League (1969)	282,000
Urban League of Cleveland (1970)	180,000
Westchester (N.Y.) Residential Opportunities (1970)	75,000
Total	$ 4,437,000

Inner-City Reconstruction	
Allegheny Council to Improve Our Neighborhoods-Housing (1959): Study to determine the financial impact of the urban renewal program in Allegheny County	30,000
American Council to Improve Our Neighborhoods (1958): Inner-city design projects	25,000
Bedford-Stuyvesant D&S Corporation (1967, 1969, 1970, 1971): Restoration of Bedford-Stuyvesant (New York) area (portion of grant allocated for housing activities)	1,569,477
Community Renewal Society (1968, 1971): Technical assistance to neighborhood organizations in Chicago Model Cities area	530,000
District of Columbia (1968): Comprehensive planning and rebuilding program for three devastated areas in Washington, D.C.	600,000
International Federation for Housing and Town Planning (1958): International seminar on urban renewal	24,000
New Detroit, Inc. (1969): Inner-city Detroit improvement (portion of grant allocated to Metropolitan Detroit Citizens Development Authority)	800,000
Pratt Institute (1967): Planning of a comprehensive redevelopment and rehabilitation program in the Bedford-Stuyvesant area of Brooklyn	25,000
Total	$ 3,603,477

Miscellaneous	
American Bar Association Fund for Public Education (1969): National effort to involve lawyers at the local level in low-income housing programs	$ 205,000
American Society of Planning Officials (1971): Study of regulations governing modular housing including mobile homes	9,500
Citizens Housing and Planning Association of Metropolitan Boston (1969): Research and planning for reorganization of governmental housing functions in Boston	12,500
Foundation for Cooperative Housing (1968, 1969, 1970, 1971): Intern program to train specialists in low- and middle-income housing	617,000
Foundation for Cultural Development (France) (1971): Conference on industrialized housing	20,000
Metropolitan Applied Research Center (1970): Research and writing on integrated housing	48,000
Metropolitan Housing and Planning Council of Chicago (1967): National conference on the mobilization of private resources to improve low-income housing	13,000
National Association of Housing and Redevelopment Officials (1971): Fellowships for minority-group members to be trained in management of housing for low-income families	25,000
University of Michigan (1966): Survey of the extent to which low-income families benefit from private housing construction	155,580
National Academy of Sciences (1968): Historical study of industrialized housing and building systems	55,000
University of North Carolina (1968): Study of adjustment problems of ghetto residents under rehousing programs	277,500
Total	$ 1,438,080
Grand Total	$18,820,076

Note: The Foundation has also made program-related investments totaling $2.5 million for housing as follows: $1 million in 1968 for Mutual Real Estate Investment Trust (open housing); $500,000 each in 1969 for the Connecticut Housing Investment Fund (open housing) and FCH Services, Inc. (housing development); and $500,000 in 1970 to Mortgage Opportunities (housing development).

**Through July 31, 1971*

Ford Foundation . . . to advance human welfare

Trustees
Julius A. Stratton, *Chairman of the Board*
McGeorge Bundy, *President*
William H. Donaldson, Chairman of the Board, Donaldson, Lufkin & Jenrette
James R. Ellis, Partner, Preston, Thorgrimson, Starin, Ellis & Holman
Benson Ford, Vice President, Ford Motor Company
Henry Ford II, Chairman of the Board, Ford Motor Company
Kermit Gordon, President, Brookings Institution
Walter A. Haas, Jr., President, Levi Strauss & Co.
Alexander Heard, Chancellor, Vanderbilt University
Vivian W. Henderson, President, Clark College
Edwin H. Land, Chairman and President, Polaroid Corporation
John H. Loudon, Chairman of the Board, Royal Dutch Petroleum Company
Robert S. McNamara, President, International Bank for Reconstruction and Development
J. Irwin Miller, Chairman of the Board, Cummins Engine Company
Charles E. Wyzanski, Jr., Chief Judge, United States District Court

Executive Officers
McGeorge Bundy, *President*
David E. Bell, *Executive Vice President*
Harold Howe II, *Vice President*
Roger G. Kennedy, *Vice President*
W. McNeil Lowry, *Vice President*
Mitchell Sviridoff, *Vice President*
Arthur D. Trottenberg, *Vice President*
Howard R. Dressner, *Secretary and General Counsel*
Thomas H. Lenagh, *Treasurer*

Text by Robert E. Tolles. Design by Peter Bradford.

Photographs: frontispiece, Billy Barnes; 5, Joe Molnar; 6, Marquis & Stoller, Architects, for the Nonprofit Housing Center; 9 and 11, George Ballis; 13, National Council of Negro Women; 15, United Planning Organization; 17 and 24, James Foote; 19, National Urban League; 23, The Denver Post; 27, Black Star; 28, George Cserna for I. M. Pei & Partners.